

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not For Profit Organization)
Napoleonville, Louisiana

FINANCIAL STATEMENTS
For The Years Ended June 30, 2010 and 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/2/11

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Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Rural Health Association
Napoleonville, Louisiana

We have audited the accompanying statements of financial position of Louisiana Rural Health Association (a not for profit organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Rural Health Association as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010, on our consideration of the Louisiana Rural Health Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Louisiana Rural Health Association taken as a whole. The schedule of functional expenses on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Waguespack & Gallagher, LLC

September 24, 2010

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)

Statement of Financial Position
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and Cash Equivalents	\$ 175,484	\$ 194,145
Certificates of Deposit	6,104	5,983
Investment Securities	50,497	75,147
Accounts Receivable	105,559	48,069
Total Current Assets	<u>337,644</u>	<u>323,344</u>
Property and Equipment, Net	11,414	15,864
Construction in Progress	129,010	98,406
TOTAL ASSETS	<u>\$ 478,068</u>	<u>\$ 437,614</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 8,627	\$ 3,690
Accrued Expenses	1,480	3,475
Deferred Member Revenues	28,850	25,280
Obligation under Capital Lease, current	2,317	2,634
Total Current Liabilities	<u>41,274</u>	<u>35,079</u>
Obligation under Capital Lease, long-term	7,269	9,184
Total Liabilities	<u>48,543</u>	<u>44,263</u>
Net Assets		
Unrestricted	366,294	376,279
Temporarily Restricted	63,231	17,072
Total Net Assets	<u>429,525</u>	<u>393,351</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 478,068</u>	 <u>\$ 437,614</u>

The accompanying notes are an integral part of this statement.

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)

Statement of Activities
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Support:		
Grants	\$ 153,794	\$ 269,468
Contracts	83,247	79,630
Revenues:		
Membership Dues	34,130	32,640
Sponsorship Dues	20,000	23,750
Fall Conference	17,940	21,331
Spring Conference	9,790	15,663
Southern Regional Conference	-	596
Educational Events and Training	10,052	5,000
Unrealized Gain/(Loss) on Investments	8,471	(5,011)
Gain/(Loss) on Disposition of Fixed Assets	-	74
Other	5,272	3,966
Total Support and Revenues	<u>342,696</u>	<u>447,107</u>
Expenses:		
Program Services:		
Member Services	18,632	10,028
Conference and Educational Services	77,576	92,020
Grants and Contracts	170,710	285,733
Support Services:		
General and Administrative	85,763	44,943
Total Expenses	<u>352,681</u>	<u>432,724</u>
Increase in Unrestricted Net Assets	<u>(9,985)</u>	<u>14,383</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contracts	42,145	-
Grants	4,014	17,072
Increase in Temporarily Restricted Net Assets	<u>46,159</u>	<u>17,072</u>
Change in Net Assets	<u>36,174</u>	<u>31,455</u>
Net Assets - Beginning of Year	393,351	361,896
Net Assets - End of Year	<u>\$ 429,525</u>	<u>\$ 393,351</u>

The accompanying notes are an integral part of this statement.

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)

Statement of Cash Flows
For the Years Ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Members, Events, & Grants	\$ 331,244	\$ 476,504
Cash Payments to Suppliers for Goods & Services	(220,637)	(311,551)
Cash Payments to Employees	(130,537)	(125,192)
Net Cash Provided/(Used) by Operating Activities	(19,930)	39,761
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment securities	34,105	
Proceeds from sale of fixed assets	-	673
Purchase of property and equipment	(30,604)	(83,744)
Net Cash Provided/(Used) by Investing Activities	3,501	(83,071)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from New Capital Lease Obligation	-	12,000
Repayment of Capital Lease Obligation	(2,232)	(1,440)
Net Cash Provided/(Used) by Financing Activities	(2,232)	10,560
Net Increase(Decrease) in Cash and Cash Equivalents	(18,661)	(32,750)
Cash and Cash Equivalents at Beginning of Year	194,145	226,895
Cash and Cash Equivalents at End of Year	<u>\$ 175,484</u>	<u>\$ 194,145</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO	-	
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from Operations	\$ 26,598	\$ 34,391
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	4,450	4,986
Change in Operating Assets & Liabilities		
Accounts Receivable	(57,490)	9,617
Accounts Payable	4,937	523
Accrued Payables	1,575	(9,756)
Net Cash Provided by Operating Activities	<u>\$ (19,930)</u>	<u>\$ 39,761</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	<u>\$ 175,484</u>	<u>\$ 194,145</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009**

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Purpose

The Association is a not-for-profit organization formed to provide leadership on rural health issues in Louisiana through advocacy, communication and education. Its current programs include:

Education: Members and the general public are invited to participate in a series of education lectures and conferences located throughout Louisiana and the gulf coast. These educational conferences are a forum to update and educate members and the general public on a variety of rural health topics and concerns. The primary support for this program is through member and public registration fees, sponsorship fees, contracts, membership dues and donated services.

Health Initiative: Through coordination and partnership with other agencies, the LRHA is involved in several health initiatives designed to develop comprehensive adaptable strategic plans that develop rural health networks, coordinate training activities and emergency response issues, develop rural health awareness and general health advocacy. The primary support for this program is through federal and state grants and contracts.

Accounts Receivables

The Association utilizes the direct write-off method for bad debts. No allowance for bad debts has been provided, as no material write-offs are expected for receivables at June 30, 2010 and 2009.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable. At June 30, 2010 and 2009, there are no permanently restricted net assets.

Cash

For purposes of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.

Property and Equipment

Property and equipment are recorded at cost. Additions and improvements are capitalized. Ordinary maintenance and repair expenses are charged to income as incurred. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any gain or loss is credited or charged to income.

Property and equipment are depreciated using the straight-line method over their estimated useful service lives as follows:

Leasehold Improvements	15-40 years
Office Equipment	5-10 years

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Assets are capitalized when all of the following criteria are met:

- Assets purchased, build or leased have useful lives of one year or more
- The cost of the asset (including installation is \$750-\$1,000 or the discretion of management
- The cost or repairing or renovating the asset is \$750-\$1,000 or more and prolongs the life of the asset
-

Donated Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

There were no donated services for the years ended June 30, 2010 or 2009.

Investments Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under code Section 501(c) (3) of the Internal Revenue Code and is not considered a private foundation.

Concentration of Credit Risk

The Association maintains cash accounts with commercial banks which are insured by the Federal Deposit Insurance Corporation up to \$250,000. Periodically, cash may exceed the federally insured amount. Cash did not exceed FDIC coverage at June 30, 2010 or June 30, 2009. The Association does not believe it is exposed to significant credit risk in connection with cash and cash equivalents.

Statements of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Subsequent Events

Management evaluated events subsequent to the organization's most recent year end through October 1, 2010, the date that the financial statements were available for issuance.

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE B – CASH AND CASH EQUIVALENTS

At June 30, 2010, cash (bank balances) totaled \$188,399.53. These deposits were fully insured by FDIC Insurance.

The PEAL and HAPN grants require that the funds be accounted for separately for revenues and expenses relating to these grants. Therefore, funds relating to these grants are accounted for in separate checking accounts.

NOTE C – RECEIVABLES

The following is a summary of receivables at June 30, 2010:

<u>Class of Receivable</u>	<u>2010</u>	<u>2009</u>
Grants and Contracts		
Commissioner of Insurance	3,366	3,875
Health and Hospitals-CBRH	-	38,145
Health and Hospitals-DHH	31,976	5,184
Health and Hospitals-Pan Flu	43,032	-
Health Enrichment Network-GUF	14,398	-
Health Enrichment Network-HAPN	12,787	-
Other Income	-	865
Total	<u>105,559</u>	<u>48,069</u>

All receivables are considered to be collectible, and no allowance for bad debt is used.

NOTE D – PROPERTY AND EQUIPMENT

The details of the property and equipment at June 30, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Office Furniture and Equipment	\$ 36,130	\$ 36,130
Less: Accumulated Depreciation	(24,716)	(20,266)
	<u>\$ 11,414</u>	<u>\$ 15,864</u>

Depreciation expense for the year ended June 30, 2010 is \$4,450.

As of the period ended June 30, 2010, the Association had paid \$129,010 towards the construction of a new building.

NOTE E – DEFERRED REVENUES

The Association receives dues from its members in exchange for certain services. The dues are earned on a calendar-year basis. At June 30, 2010 and 2009, deferred membership dues totaled \$28,850 and \$25,280, respectively.

NOTE F – LEASE COMMITMENTS

The Association is obligated under a 3.18% interest capital lease for a certain piece of equipment, which expires in April 2014. The asset is included in office equipment as follows:

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE F – LEASE COMMITMENTS-continued

Copier	\$ 12,673
Less: Accumulated Depreciation	(2,957)
	<u>\$ 9,716</u>

Future minimum lease payments as of June 30, 2010 are as follows:

June 30, 2011	\$ 2,634
June 30, 2012	\$ 2,634
June 30, 2013	\$ 2,634
June 30, 2014	<u>\$ 2,414</u>
Less: Amount Representing Interest	(730)
Present Value of Net Minimum Lease Payments	<u>\$ 9,586</u>

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Growin' Up Fit program grant - expenses pursuant to grant proposal	\$ 11,950
HAPN Grant - expenses pursuant to grant proposal	9,136
PAN FLU Contract-expenses pursuant to contract	31,632
DHH Contract-expenses pursuant to contract	<u>10,513</u>
	<u>\$ 63,231</u>

NOTE H – INVESTMENT SECURITIES

Investments are stated at fair values and consist of private trust investment pools as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Louisiana Hospital Investment Pool - Private Trust A	\$ 49,472	\$ 50,470	\$ 998
Louisiana Hospital Investment Pool - Private Trust B	(5,269)	27	5,296
	<u>\$ 44,203</u>	<u>\$ 50,497</u>	<u>\$ 6,294</u>

These funds represent board designated funds set aside in the current year for the purpose of providing an income stream for annual operations.

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2009**

NOTE 1 – OPERATING LEASE

As of July 1, 2004, LRHA entered into a one year operating lease with Assumption Community Hospital for the rental of an office building. The lease is currently month-to-month. Total rental payments made during 2010 and 2009 totaled \$2,400 and \$2,400, respectively.

SUPPLEMENTARY INFORMATION

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not-for-Profit Organization)

Statement of Functional Expenses
For the Year Ended June 30, 2010

	PROGRAM SERVICES				SUPPORT SERVICES	
	Member Services	Conferences and Educational Services	Grants and Contracts	Total	General and Administrative	Total Expenses
	\$	\$	\$	\$	\$	\$
Salaries and Wages	-	29,404	50,741	80,145	39,744	119,889
Advertising and Promotional	-	-	57	57	140	197
Committees and Memberships	-	-	-	-	970	970
Continuing Education	-	-	-	-	-	-
Contract Services	-	-	16,812	16,812	241	17,053
Insurance	-	-	-	-	3,798	3,798
Interest and Finance Charges	-	-	-	-	1,095	1,095
Meals and Entertainment	-	19,409	111	19,520	442	19,962
Miscellaneous	-	3,180	15,507	18,687	2,546	21,233
Postage	826	963	203	1,992	5	1,997
Professional and Legal	-	-	-	-	10,395	10,395
Rentals	-	3,754	-	3,754	2,761	6,515
Supplies	12,972	4,997	64,004	81,973	6,112	88,085
Tax and Licenses	-	-	3,874	3,874	6,773	10,647
Telephone	-	-	3,500	3,500	7,328	10,828
Travel and Lodging	4,389	14,757	13,453	32,599	238	32,837
Utilities	-	-	-	-	2,730	2,730
Total Expenses before Depreciation	18,187	76,464	168,262	262,913	85,318	348,231
Depreciation of Property & Equipment	445	1,112	2,448	4,005	445	4,450
Total Expenses	\$ 18,632	\$ 77,576	\$ 170,710	\$ 266,918	\$ 85,763	\$ 352,681

See auditor's report on the supplementary information

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS AND OTHER SCHEDULES
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not-for-Profit Organization)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

A. SUMMARY OF AUDIT RESULTS

- The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Rural Health Association.
- The reportable condition in internal control disclosed during the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The condition is reported as a material weakness. (See 2010-1 in part B of this Schedule).
- The results of our test disclosed no instances of noncompliance material to the financial statements which were required to be reported in the Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2010-1 SEPARATION OF DUTIES

Due to the size of the Association's staff, there is an insufficient segregation of duties to have an effective internal control.

Since the cost of an internal control system should not outweigh the benefits derived from it, we cannot recommend that additional personnel be added, and have no recommendations to make in this area.

Management of the Association concurs with the finding.

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not-for-Profit Organization)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2010**

INTERNAL CONTROL FINDINGS

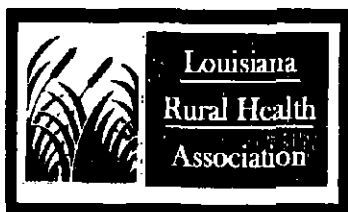
2009-1 SEPARATION OF DUTIES

Condition: Due to the size of the Association's staff, there is an insufficient segregation of duties to have an effective internal control.

Current status: This finding still applies and is noted in the current audit year ending June 30, 2010. (See current finding noted as 2010-1).

COMPLIANCE FINDINGS

No compliance findings were noted in the audit for the year ended June 30, 2009.



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**Corrective Action Plan for
Current Year Audit Findings
For the Year Ended June 30, 2010**

<u>Ref No. *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Names of Contact Contact Persons**</u>	<u>Anticipated Completion Date</u>
2010-1	Separation of Duties	Not feasible at this time due to staff and budget limitations.	Jeanne Gauthreaux Stacy Fontenot	N/A

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.


Stacy Fontenot
Executive Director

* Reference number the auditor assigns to the audit finding.

** Name(s) of contact person(s) responsible for corrective action.

Waguespack & Gallagher, LLC

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the
Louisiana Rural Health Association

We have audited the financial statements of the Louisiana Rural Health Association (a nonprofit organization) as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated September 24, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Louisiana Rural Health Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Rural Health Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (2010-1) A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Rural Health Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Louisiana Rural Health Association's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Louisiana Rural Health Association's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wagnerpack + Gallagher, LLC

September 24, 2010